
HEALTH CARE CENTERS IN SCHOOLS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **JAN 25 2012**

HEALTH CARE CENTERS IN SCHOOLS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2011

CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	1
<u>Financial Statements</u>	
Statements of Financial Position	2
Statements of Activities	3 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 15
<u>Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></u>	16 - 17
<u>Summary Schedule of Findings and Questioned Costs - year ended June 30, 2011</u>	18
<u>Summary Schedule of Prior Year Audit Findings - year ended June 30, 2010</u>	19



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Health Care Centers in Schools, Inc.
Baton Rouge, Louisiana

We have audited the accompanying statements of financial position of Health Care Centers in Schools, Inc. (a not-for-profit organization) as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Health Care Centers in Schools, Inc. as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed in note 3 to the financial statements, the Organization incurred losses during two of the past three years and has a deficiency in its net assets at June 30, 2011, that raises substantial doubt about its ability to continue as a going concern. Management's plans regarding these matters are also described in note 3. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 31, 2011 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Postlethwaite : Netterville

Baton Rouge, Louisiana
October 31, 2011

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
<u>CURRENT ASSETS</u>		
Cash and cash equivalents	\$ 82,559	78,484
Cash and cash equivalents - restricted	42,831	65,861
Receivables	162,148	68,648
Prepaid insurance and other current assets	58,823	79,201
Total current assets	<u>346,361</u>	<u>292,194</u>
<u>FURNITURE AND EQUIPMENT, NET</u>		
Furniture and equipment, net	88,094	128,448
	<u>88,094</u>	<u>128,448</u>
Total assets	<u>\$ 434,455</u>	<u>\$ 420,642</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES</u>		
Line-of-credit	\$ 525,000	\$ 525,000
Accounts payable	95,699	115,337
Accrued salaries and payroll liabilities	223,441	187,463
Due to the Louisiana Assembly on School Based Health Care	42,831	65,861
Total current liabilities	<u>886,971</u>	<u>893,661</u>
<u>NET ASSETS</u>		
Unrestricted	(470,263)	(473,019)
Temporarily restricted	17,747	-
Total net assets	<u>(452,516)</u>	<u>(473,019)</u>
Total liabilities and net assets	<u>\$ 434,455</u>	<u>\$ 420,642</u>

The accompanying notes are an integral part of these financial statements.

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

2011

	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT AND REVENUE</u>			
Office of Public Health	\$ 1,040,077	\$ -	\$ 1,040,077
East Baton Rouge Parish School Board	1,739,695	-	1,739,695
Advance Baton Rouge	69,618	-	69,618
Exceptional Student Services	-	422,196	422,196
Medicaid	638,833	-	638,833
Contributions and donated services	206,740	-	206,740
Baton Rouge Area Foundation	-	-	-
Flu vaccination	-	41,114	41,114
Amedisys	-	75,000	75,000
Cajun Construction	-	50,000	50,000
Amicares	-	-	-
Pennington Foundation	-	-	-
Other revenues and grants	15,615	123,500	139,115
	3,710,578	711,810	4,422,388
Net assets released from restrictions	694,063	(694,063)	-
Total support and revenue	4,404,641	17,747	4,422,388
<u>PROGRAM SERVICE EXPENSES</u>			
Salaries and benefits	3,385,423	-	3,385,423
Professional fees	300,345	-	300,345
Medical supplies	30,127	-	30,127
Flu vaccine	41,114	-	41,114
Office supplies	9,024	-	9,024
Equipment and maintenance	89,177	-	89,177
Insurance	62,959	-	62,959
Interest	18,524	-	18,524
Depreciation	42,314	-	42,314
Travel and meetings	33,992	-	33,992
Other	30,648	-	30,648
Total program service expenses	4,043,647	-	4,043,647

The accompanying notes are an integral part of these financial statements.

2010

Unrestricted	Temporarily Restricted	Total
1,113,094	\$ -	\$ 1,113,094
1,739,793	-	1,739,793
-	-	-
-	412,452	412,452
355,762	-	355,762
213,865	-	213,865
-	105,000	105,000
-	128,099	128,099
50,000	-	50,000
50,000	-	50,000
-	20,000	20,000
-	100,000	100,000
101,379	186,779	288,158
3,623,893	952,330	4,576,223
1,102,088	(1,102,088)	-
4,725,981	(149,758)	4,576,223
3,504,444	-	3,504,444
402,303	-	402,303
44,174	-	44,174
-	-	-
19,435	-	19,435
69,633	-	69,633
89,930	-	89,930
22,845	-	22,845
43,774	-	43,774
41,013	-	41,013
43,540	-	43,540
4,281,091	-	4,281,091

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011		
	Unrestricted	Temporarily Restricted	Total
<u>SUPPORT SERVICE EXPENSES</u>			
Salaries and benefits	\$ 291,205	\$ -	\$ 291,205
Professional fees	27,206	-	27,206
Office supplies	1,003	-	1,003
Travel and meetings	-	-	-
Total support service expenses	<u>319,414</u>	<u>-</u>	<u>319,414</u>
 <u>FUNDRAISING EXPENSES</u>			
Salaries and benefits	37,191	-	37,191
Professional fees	937	-	937
Other	696	-	696
Total fundraising expenses	<u>38,824</u>	<u>-</u>	<u>38,824</u>
 Total expenses	<u>4,401,885</u>	<u>-</u>	<u>4,401,885</u>
 CHANGE IN NET ASSETS	2,756	17,747	20,503
 Net assets - beginning of year	<u>(473,019)</u>	<u>-</u>	<u>(473,019)</u>
 Net assets - end of year	<u>\$ (470,263)</u>	<u>\$ 17,747</u>	<u>\$ (452,516)</u>

The accompanying notes are an integral part of these financial statements.

2010		
Unrestricted	Temporarily Restricted	Total
\$ 325,696	\$ -	\$ 325,696
24,052	-	24,052
2,160	-	2,160
1,082	-	1,082
<u>352,990</u>	<u>-</u>	<u>352,990</u>
82,038	-	82,038
6,137	-	6,137
1,353	-	1,353
<u>89,528</u>	<u>-</u>	<u>89,528</u>
<u>4,723,609</u>	<u>-</u>	<u>4,723,609</u>
2,372	(149,758)	(147,386)
<u>(475,391)</u>	<u>149,758</u>	<u>(325,633)</u>
<u>\$ (473,019)</u>	<u>\$ -</u>	<u>\$ (473,019)</u>

HEALTH CARE CENTERS IN SCHOOLS, INC.

BATON ROUGE, LOUISIANA

STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	2011			
	Program Service Expenses	Support Service Expenses	Fundraising Expenses	Total
Salaries and benefits	\$ 3,385,423	\$ 291,205	37,191	3,713,819
Professional fees	300,345	27,206	937	328,488
Medical supplies	30,127	-	-	30,127
Flu vaccine	41,114	-	-	41,114
Office supplies	9,024	1,003	-	10,027
Equipment and maintenance	89,177	-	-	89,177
Insurance	62,959	-	-	62,959
Interest	18,524	-	-	18,524
Depreciation	42,314	-	-	42,314
Travel and meetings	33,992	-	-	33,992
Other	30,648	-	696	31,344
Total expenses	<u>\$ 4,043,647</u>	<u>\$ 319,414</u>	<u>\$ 38,824</u>	<u>\$ 4,401,885</u>

The accompanying notes are an integral part of these financial statements.

2010

Program Service Expenses	Support Service Expenses	Fundraising Expenses	Total
\$ 3,504,444	\$ 325,696	\$ 82,038	\$ 3,912,178
402,303	24,052	6,137	432,492
44,174	-	-	44,174
-	-	-	-
19,435	2,160	-	21,595
69,633	-	-	69,633
89,930	-	-	89,930
22,845	-	-	22,845
43,774	-	-	43,774
41,013	1,082	-	42,095
43,540	-	1,353	44,893
<u>\$ 4,281,091</u>	<u>\$ 352,990</u>	<u>\$ 89,528</u>	<u>\$ 4,723,609</u>

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 20,503	\$ (147,386)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	42,314	43,774
Change in accounts receivable	(93,500)	92,486
Changes in accounts payable	(42,668)	93,337
Change in accrued salaries and payroll liabilities	35,978	49,094
Change in prepaid insurance, inventory, and other current assets	20,378	(51,538)
Net cash provided by (used in) operating activities	<u>(16,995)</u>	<u>79,767</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Acquisitions of furniture and equipment	(1,960)	(56,232)
Net cash used in investing activities	<u>(1,960)</u>	<u>(56,232)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Net decrease in outstanding checks in excess of bank balance	-	(23,133)
Net advances on lines of credit	-	75,000
Net cash provided by financing activities	<u>-</u>	<u>51,867</u>
Net increase (decrease) in cash and cash equivalents	(18,955)	75,402
Cash and cash equivalents - beginning of year	144,345	68,943
Cash and cash equivalents - end of year	<u>\$ 125,390</u>	<u>\$ 144,345</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</u>		
Cash paid during the year for interest	<u>\$ 18,524</u>	<u>22,845</u>

The accompanying notes are an integral part of these financial statements.

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. **The Organization**

Health Care Centers in Schools, Inc. (the Organization) is a private not-for-profit organization located in Baton Rouge, Louisiana. The Organization was created in an effort to provide comprehensive health care services to students in need at local schools. The Organization links education with physical and emotional health care to promote the overall well-being of the students. The Organization fulfills its objectives by operating clinics at several of the local schools and by coordinating the school nurse program for the East Baton Rouge Parish School Board. These programs are funded by grants received from the State of Louisiana Office of Public Health and various other revenues.

2. **Summary of significant accounting policies**

The accounting and reporting policies of the Organization conform to the accounting principles generally accepted in the United States of America. The significant accounting policies used by the Organization in preparing and presenting its financial statements are summarized as follows:

Basis of presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization did not have any permanently restricted net assets at either June 30, 2011 or 2010.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Accounts receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end and are determined to be past due based on the contractual terms of the agreement. Based on management's assessment of such amounts, it has concluded that realization losses, if any, on balances outstanding at year end will be immaterial.

Inventory

Inventory consists primarily of medical supplies and is stated at the lower of cost (first-in, first-out method) or market.

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Furniture and equipment

Furniture and equipment are stated at historical cost. Donated property is recorded at its fair value on the date of receipt, which is then treated as cost. Additions, renewals, and betterments that extend the lives or increase the value of assets are capitalized. Maintenance and repair expenditures are expensed as incurred.

Depreciation has been calculated using the straight-line method over the estimated useful lives of the related assets, which range from 2 to 7 years.

Temporarily and permanently restricted net assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity. The Organization does not have any permanently restricted net assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Grants receive the same accounting treatment as contributions, if the grant activity is to be planned and carried out by the Organization and the Organization has the right to the benefits of carrying out the activity.

Donated services

The Organization recognizes revenue for certain services received at the estimated fair value of those services, provided those services create or enhance non-financial assets or require specialized skills which are provided by individuals possessing those skills and would typically need to be purchased, if not provided by donation. The value of donated services was calculated based on the total compensation package of the individuals volunteering their time, and totaled approximately \$158,000 and \$194,000 for the years ended June 30, 2011 and 2010, respectively.

Expense allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on records and estimates made by the Organization's management.

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Statements of cash flows

For purposes of cash flow presentation, the Organization considers cash in operating bank accounts, cash on hand, and all short-term instruments having maturities of three months or less at the time of acquisition to be cash and cash equivalents.

Income taxes

The Organization is a not-for-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2008.

Reclassifications

Certain amounts on the 2011 financial statements have been reclassified to conform with the 2010 financial statement presentation.

3. Liquidity

As shown in the accompanying financial statements, the Organization had current liabilities in excess of its current assets by approximately \$541,000 at June 30, 2011, had negative net assets of approximately \$452,000 at June 30, 2011, and had negative cash flows from operations of approximately \$17,000 for the year ended June 30, 2011.

In an effort to insure that it can pay all of its obligations as they become due, management has established a line-of-credit with a financial institution (see note 5) to provide for operational flexibility on a short-term basis. Management also continues to search for additional sources of revenues, specifically contributions and grants that include reimbursement for administrative and overhead costs. Management efforts resulted in the Organization having a positive change in net assets of approximately \$20,000 for the year ended June 30, 2011.

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

4. Furniture and equipment

Furniture and equipment consisted of the following at June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Computer equipment	\$ 177,788	\$ 176,200
Medical equipment	45,621	45,621
Office equipment	<u>81,147</u>	<u>80,775</u>
	304,556	302,596
Less: accumulated depreciation	(216,462)	(174,148)
Property and equipment, net	<u>\$ 88,094</u>	<u>\$ 128,448</u>

5. Line-of-credit

During the year ended June 30, 2010, the financial institution increased the amount available to the Organization under its existing line-of-credit agreement to \$525,000, the outstanding balance at June 30, 2010. This line of credit accrued interest at a variable rate based on prime (5.25% at June 30, 2010). This line-of-credit was secured by all of the accounts of the Organization and was due on demand.

On September 28, 2010, the Organization renewed the line-of-credit agreement in the amount of \$525,000 for an additional twelve months. The new line-of-credit bears interest at the same variable rate (5.25% at June 30, 2011), is due on demand, and is secured by the Organization's accounts receivable and deposit accounts. The new line-of-credit is also guaranteed by a third party whose president is also a member of the Organization's Board of Directors.

As part of the line-of-credit agreements, the Organization has agreed to comply with certain covenants, including reporting requirements, restrictions on additional debt and security interests, coverage ratios, and other administrative requirements. The Organization was not in compliance with its debt service coverage ratio as of June 30, 2011.

6. Temporarily restricted net assets

Temporarily restricted net assets were available for the following purposes at June 30, 2011:

LSBA Wellness	\$ 5,481
Oral Health	<u>12,266</u>
	<u>\$ 17,747</u>

All donor restrictions had been satisfied by June 30, 2010; as such, there were no temporarily restricted net assets at June 30, 2010.

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

7. Net assets released from restrictions

Net assets which were released from donor restrictions by incurring program related expenses satisfying the restricted purposes were as follows for the years ended June 30, 2011 and 2010:

	<u>2011</u>	<u>2010</u>
Amedisys - expansion	\$ 75,000	\$ -
Americares - mental health	-	20,000
Baton Rouge Area Foundation - capital campaign	-	105,000
Baton Rouge Area Foundation - school renovations	-	21,750
Baton Rouge Area Foundation - expansion	-	50,000
Blue Cross Blue Shield - expansion	-	50,000
Baton Rouge Area Foundation - drama teens	-	170
Cajun - expansion	50,000	-
Coca Cola - expansion	-	10,000
EEHealth Premium Assistance	-	12,000
Exceptional Student Services	422,196	435,462
Flu Vaccine	41,114	-
H1N1 Grant	-	18,279
LSBA Wellness	3,019	-
MACRO Vision	-	5,868
MidSouth - expansion	30,000	30,000
Montron - expansion / equipment	10,000	10,000
Our Lady of the Lake - flu vaccine	-	128,099
Oral Health	2,734	-
Pennington - expansion	-	100,000
R. Moser - expansion	60,000	55,000
Robert Wood Johnson Foundation - medical records	-	-
Wilson Foundation - expansion	-	50,000
Tobacco Free Living	-	460
	<u>\$ 694,063</u>	<u>\$ 1,102,088</u>

8. Concentration of revenues

The Organization receives a large amount of its revenues from two major sources - the State of Louisiana Office of Public Health and the East Baton Rouge Parish School Board. The revenues from these two sources represented approximately 60% of the Organization's total revenues during the years ended June 30, 2011 and 2010.

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

9. Leases

During the year ended June 30, 2010, the Organization entered into a lease agreement for its administrative offices. The lease is for a term of 36 months and began on April 1, 2010. The lease agreement requires monthly payments ranging from \$2,833 to \$3,850 through its termination on March 31, 2013. Future minimum lease payments required for this agreement were as follows at June 30, 2011:

<u>Year ending</u> <u>June 30,</u>	<u>Amount</u>
2012	\$ 43,725
2013	<u>34,650</u>
	<u>\$ 78,375</u>

Rent expense totaled \$36,000 and \$15,125 for the years ended June 30, 2011 and 2010, respectively.

10. Concentration of credit risk

The Organization maintains several accounts at local financial institutions. The balances, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limits. Management believes the credit risk associated with these deposits is minimal.

11. Subsequent events

Management has evaluated subsequent events through October 31, 2011, the date that the financial statements were available to be issued, and determined that no additional disclosures are necessary. No events occurring after this date have been evaluated for inclusion in these financial statements.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Health Care Centers in Schools, Inc.
Baton Rouge, Louisiana

We have audited the financial statements of Health Care Centers in Schools, Inc. (the Organization) as of and for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management of Health Care Centers in Schools, Inc., federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Portlathuaitte: Netterville

Baton Rouge, Louisiana
October 31, 2011

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011

A. Summary of audit results:

- (1) The independent auditors' report expressed an unqualified opinion on the financial statements of Health Care Centers in Schools, Inc. as of and for the year ended June 30, 2011, and included an explanatory paragraph due to a going concern uncertainty.
- (2) No material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
- (3) No instances of noncompliance material to the financial statements of Health Care Centers in Schools, Inc. were disclosed during the audit.
- (4) A management letter was not issued in connection with the current year audit.

B. Findings - financial statement audit:

- (1) None

HEALTH CARE CENTERS IN SCHOOLS, INC.
BATON ROUGE, LOUISIANA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2010

A. Findings - financial statement audit:

(1) None